## **HOUSE BILL No. 1161**

### DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

**Synopsis:** Taxation of military pension benefits or salary. Phases in over six years a 100% individual income tax deduction for all military pay, including retirement and survivor's benefits.

Effective: January 1, 2008 (retroactive).

# Ruppel

January 10, 2008, read first time and referred to Committee on Ways and Means.



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#### Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

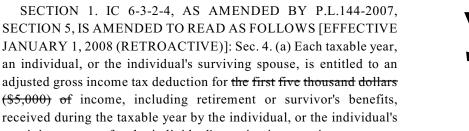
Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

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## **HOUSE BILL No. 1161**

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:



surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard, as follows:

(1) For the taxable year beginning in 2008, the first five thousand dollars (\$5,000) of the individual's income described in this subsection. However, a person who is less than sixty (60) years of age on the last day of the person's taxable year is not entitled to a deduction under this subdivision for retirement or survivor's benefits.



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1	(2) For taxable years beginning in 2009 and 2010, the greater
2	of:
3	(A) the first five thousand dollars (\$5,000); or
4	(B) fifty percent (50%);
5	of the individual's income described in this subsection.
6	(3) For taxable years beginning in 2011 and 2012, the greater
7	of:
8	(A) the first five thousand dollars (\$5,000); or
9	(B) seventy-five percent (75%);
0	of the individual's income described in this subsection.
.1	(4) For taxable years beginning in 2013 and thereafter, one
2	hundred percent (100%) of the individual's income described
3	in this subsection.
4	However, a person who is less than sixty (60) years of age on the last
.5	day of the person's taxable year, is not, for that taxable year, entitled to
6	a deduction under this section for retirement or survivor's benefits.
7	(b) In the case of an individual whose qualified military income is
8	subtracted from the individual's federal adjusted gross income under
9	IC 6-3-1-3.5(a)(23) for Indiana individual income tax purposes:
20	(1) the individual is not, for that taxable year, entitled to a
21	deduction under this section for the individual's qualified military
22	income; and
23	(2) the individual's qualified military income may not be used
24	to calculate the percentage of income deducted under
25	subsection (a).
26	SECTION 2. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]
27	IC 6-3-2-4, as amended by this act, applies to taxable years
28	beginning after December 31, 2007.
29	SECTION 3. An emergency is declared for this act.

